

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name South Kalamazoo County Fire Authority	County Kalamazoo
Audit Date 3/31/04	Opinion Date 7/27/04	Date Accountant Report Submitted to State: 9/30/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Siegfried Crandall PC			
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
		ZIP 49002-5599	
Accountant Signature 			Date 9/30/04

South Kalamazoo County Fire Authority
Kalamazoo County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended March 31, 2004

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INDEPENDENT AUDITORS' REPORT

**Members of the Board
South Kalamazoo County Fire Authority**

We have audited the accompanying general purpose financial statements of the South Kalamazoo County Fire Authority for the year ended March 31, 2004. These general purpose financial statements are the responsibility of the Fire Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the South Kalamazoo County Fire Authority as of March 31, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Siegfried Crandall P.C.

July 27, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

South Kalamazoo County Fire Authority
COMBINED BALANCE SHEET - General Fund and account group
March 31, 2004

	<u>Governmental fund type</u>	<u>Account group</u>	<u>Totals</u>
	<u>General</u>	<u>General fixed assets</u>	<u>(memorandum only)</u>
ASSETS			
Cash	\$ 107,766	\$ -	\$ 107,766
Fixed assets	<u>-</u>	<u>1,225,573</u>	<u>1,225,573</u>
Total assets	<u>\$ 107,766</u>	<u>\$ 1,225,573</u>	<u>\$ 1,333,339</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accrued payroll	<u>\$ 13,258</u>	<u>\$ -</u>	<u>\$ 13,258</u>
FUND EQUITY:			
Investment in general fixed assets	-	1,225,573	1,225,573
Fund balance:			
Designated for capital purchases	4,357	-	4,357
Unreserved, undesignated	<u>90,151</u>	<u>-</u>	<u>90,151</u>
Total fund equity	<u>94,508</u>	<u>1,225,573</u>	<u>1,320,081</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 107,766</u>	<u>\$ 1,225,573</u>	<u>\$ 1,333,339</u>

See notes to financial statements

South Kalamazoo County Fire Authority
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Contributions from local units	\$ 290,000	\$ 290,000	\$ -
Interest income	1,500	865	(635)
Other	800	6,957	6,157
Total revenues	<u>292,300</u>	<u>297,822</u>	<u>5,522</u>
EXPENDITURES:			
Public safety:			
Wages and payroll taxes	119,500	119,390	110
Office supplies	2,800	1,899	901
Operating supplies	30,100	29,743	357
Professional services	4,000	3,260	740
Telephone and communications	21,250	20,755	495
Repairs and maintenance	44,800	44,096	704
Insurance	37,700	37,560	140
Utilities	16,350	16,179	171
Lease	15,000	15,000	-
Education and training	10,500	9,201	1,299
Miscellaneous	600	314	286
Total public safety	<u>302,600</u>	<u>297,397</u>	<u>5,203</u>
Capital outlay	<u>70,000</u>	<u>15,068</u>	<u>54,932</u>
Total expenditures	<u>372,600</u>	<u>312,465</u>	<u>60,135</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(80,300)	(14,643)	65,657
FUND BALANCE - BEGINNING OF YEAR	<u>109,151</u>	<u>109,151</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 28,851</u>	<u>\$ 94,508</u>	<u>\$ 65,657</u>

See notes to financial statements

South Kalamazoo County Fire Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The South Kalamazoo County Fire Authority (the Authority) was established June 26, 1999, to jointly provide fire protection services within the member municipalities in Southern Kalamazoo County, Michigan. The Authority is comprised of the Villages of Schoolcraft and Vicksburg, and the Townships of Brady, Prairie Ronde, Schoolcraft, and Wakeshma.

The accounting policies of the Authority conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles), as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Authority. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Authority has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Authority's financial statements. Also, the Authority is not a component unit of any other entity.

Costs of operations and capital expenditures are supported by contributions from the participating municipalities.

b) Basis of presentation:

The accounts of the Authority are organized on the basis of a fund and an account group, each of which is considered a separate accounting entity. The operations of each are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The fund and account group are described as follows:

General Fund - this fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

General fixed asset account group - this account group presents the fixed assets of the Authority utilized in its general operations.

c) Basis of accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The Authority prepares its financial statements on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

South Kalamazoo County Fire Authority
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Budgets and budgetary accounting:

The Authority follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978), as prescribed by the State of Michigan. Budgets are adopted at the line-item level and are consistent with generally accepted accounting principles.

e) Fixed assets:

Fixed assets used in operations are accounted for in the general fixed asset account group, rather than in the General Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

This account group is not a fund. It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

The Authority is currently utilizing fire-fighting equipment contributed by the participating local units of government. These assets are reported in the general fixed asset account group.

f) Totals (memorandum only):

The total column on the combined statement is captioned "memorandum only" to indicate that it is prepared only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation as interfund eliminations have not been made.

NOTE 2 - CASH:

Deposits with financial institutions:

Cash as presented in the combined balance sheet consists of deposits with financial institutions. Deposits are carried at cost and maintained at various financial institutions in the name of the Authority. Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in accounts of federally-insured banks, credit unions, and savings and loan associations. At March 31, 2004, the Authority has deposits with a carrying amount of \$107,766 and a bank balance of \$97,100. Of the bank balance, \$28,892 is covered by federal depository insurance and \$68,208 is uninsured.

NOTE 3 - OPERATING LEASES:

The Authority leases three stations from the Village of Schoolcraft, Wakeshma Township, and the Village of Vicksburg under agreements that have been classified as operating leases. The terms of the lease agreements between the Authority and the participating local units of government are in effect through March 31, 2004. Lease expense for the period ending March 31, 2004, was \$15,000.

South Kalamazoo County Fire Authority
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - GENERAL FIXED ASSETS:

The following is a schedule of changes in general fixed assets of the Fire Authority during the period ended March 31, 2004:

	<i>Balance April <u>1, 2003</u></i>	<i><u>Additions</u></i>	<i><u>Dispositions</u></i>	<i>Balance March <u>31, 2004</u></i>
Fire trucks	\$ 980,279	\$ 1,400	\$ -	\$ 981,679
Property	5,000	-	-	5,000
Radio equipment	5,664	-	-	5,664
Tower	5,155	-	-	5,155
Fire fighting equipment	213,898	10,700	-	224,598
Computer equipment	<u>2,077</u>	<u>1,400</u>	<u>-</u>	<u>3,477</u>
Totals	<u>\$1,212,073</u>	<u>\$13,500</u>	<u>\$ -</u>	<u>\$1,225,573</u>